

**GOVERNMENT OF ANDHRA PRADESH  
&  
GOVERNMENT OF TELANGANA  
ABSTRACT**

Andhra Pradesh Reorganisation Act 2014 – Apportionment of the assets and liabilities relating to commercial or industrial undertaking of the existing State of Andhra Pradesh (combined State) covered in IX Schedule as per section 53 of the Andhra Pradesh Reorganisation Act, 2014 between the successor States – Finalization of audit of Accounts of the organizations in the IX Schedule of Andhra Pradesh Reorganisation Act, 2014 upto 1-6-2014 either in one extended year from 01.04.2013 to 01.06.2014 or in two years i.e from 01.04.2013 to 31.03.2014 and from 01.04.2014 to 01.06.2014 – Orders – Issued.

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**GENERAL ADMINISTRATION (SR) DEPARTMENT**

G.O. Rt. No.1354

Date: 05-05- 2015  
Read the following:-

1. AP Reorganisation Act, 2014
2. G.O. Rt. No. 223 Industries & Commerce (SR) Dept, Dated: 30-5-2014
3. G.O.Rt.No: 226 Industries & Commerce (SR) Dept, Dated:23.06.2014.
4. G.O. Rt. No. 53 Industries & Commerce (SR) Dept, Dated: 13-2-2015.

**ORDER:-**

As per Section 68 of the Andhra Pradesh Reorganisation Act, 2014, (1) the companies and Corporation specified in the Ninth Schedule constituted for existing State of Andhra Pradesh shall on and from the appointed day, continue to function in those areas in respect of which they were functioning immediately before that day, subject to the provisions of this section, (2) The assets, rights and liabilities of the companies and corporations referred to in sub-section (1) shall be apportioned between the successor States in the manner provided in Section 53.

2. Accordingly for facilitating apportionment of assets and liabilities of these Schedule IX entities between the successor States of Andhra Pradesh and Telangana in the form of a demerger as on the appointed day (02.06.2014), the Government of Andhra Pradesh in the Government Orders cited above have constituted an Expert Committee headed by Dr.(Smt) Sheela Bhide IAS (Retd) to a) review the demerger proposals prepared by all the Government Companies, Corporations and Entities notified under Schedule 9 of the AP Reorganization Act, 2014 (The Act), b) to hold discussions with all the concerned stake holders in connection with the demerger proposals c) to suggest any modifications required in the demerger proposals submitted, in order to ensure equity among all stake holders, ensuring adherence to the provisions of Act. and d) to approve the demerger proposals.

3. As per the progress report submitted by Dr. (Smt) Sheela Bhide IAS (Retd), Chairperson, Expert Committee, certain Corporations in the IX Schedule have not completed their audit of accounts till 1-6-2014 / not yet prepared the demerger proposals. She also requested the Government to review the progress of preparation of the demerger of the institutions in the IX Schedule to ensure that the demerger process is completed at the earliest.

4. During the review of the Government held on 28-4-2015, certain organizations have expressed their difficulty in getting audit of accounts for the year 2013-14 up to 01-06-2014 (the day before the appointed day). They have expressed that Comptroller and Audit General (CAG) normally appoints statutory auditors for a financial year, but in the present situation there is a balance period of 2 months and one day beyond the normal financial year, for which the audit needs to be conducted by the Accountant General (AG) separately.

5. During the meeting it was brought to the notice of the Government that according to the provisions of section 210(4) of the Companies Act, 1956 the financial year shall not exceed fifteen months, which means that the companies have the right to extend their financial year 2013-14 up to 01.06.2014 (from 01.04.2013 to 01.06.2014) which is less than fifteen months, by passing a Board resolution. It is also brought to the notice of the Government that the Companies Act, 2013 has replaced the Companies Act, 1956 with effect from 01.04.2014 and no such corresponding provision exists under the new Act. But as the accounts to be finalised pertain to the financial year 2013-14, based on the instructions of the Government issued vide circular No. 3685/INF(SRC)/2014 issued by Special Chief Secretary, Industries and Commerce, Government of Andhra Pradesh, dated 29.05.2014 some of the companies have extended the financial year 2013-14 up to 01.06.2014 under the provisions of the old Act which is applicable for the financial year 2013-14 and the C&AG has

also accepted the contention and conducted audit of the financial year 2013-14 for these companies up to 01.06.2014. The officers from the office the Accountant General present at the review meeting have confirmed this fact.

6. It was also informed by some of the companies that they have already closed their books for the year 2013-14 on 31.03.2014 and got the accounts audited by the AG and the AG has not commenced audit of the accounts for the balance period of 2 months and one day i.e from 01.04.2014 to 01.06.2014 as he is awaiting instructions from the C&AG on whether audit for 2 months one day can be separately taken up. The officers from the office of the AG who were present conveyed that they are hopeful of a positive response from the C&AG.

7. Since, Reorganisation of the state is considered as a special circumstance and in order to implement the provisions of the Andhra Pradesh Reorganisation Act, 2014 for the apportionment of the assets and liabilities of commercial or industrial undertaking of the existing State of Andhra Pradesh between the two successor States, it is necessary to complete the process of audit of accounts of these schedule IX companies as on 01.06.2014. In view of the above circumstances, representatives of the companies present have requested the Government that appropriate instructions may be issued with regard to the extension of financial year to enable the companies to extend their financial year 2013-14 up to 01.06.2014 and also to take up with the AG for the audit of accounts for the period from 01.04.2014 to 01.06.2014 in case of companies who have completed their audit by the AG up to 31.03.2014.

8. Government of Andhra Pradesh after careful examination of the matter hereby permit all the Corporations / Societies / Federations / other institutions in the IX Schedule of Andhra Pradesh Reorganisation Act 2014 to extend their financial year 2013-14 for a period of 14 months and one day i.e., from 01.04.2013 to 01-06-2014 and submit the accounts for audit by the AG. In case of companies who have already got their accounts audited by the AG up to 31.03.2014 the Government hereby permits such companies to close their books from 01.04.2014 to 01.06.2014 and submit them for audit by the AG and the Government will take up the matter for resolution with the AG to facilitate all the Corporations / Societies / Federations / other institutions for early demerger of their assets and liabilities between the successor States.

9. All the Managing Director / Chief Executive Officers of the institutions of the IX Schedules are requested to take necessary action to get the Audit of Accounts immediately up to 01.06.2014.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH & TELANGANA)

I.Y.R. Krishna Rao, IAS.,  
Chief Secretary,  
Government of Andhra Pradesh

Dr.Rajiv Sharma, IAS.,  
Chief Secretary,  
Government of Telangana

To

All the Organizations in IX Schedule of Andhra Pradesh Reorganisation Act 2014  
All the Spl Chief Secretary's /Principal Secretary's /Secretary's of the Government  
All the Heads of the Departments,

Copy to

The Accountant General, Andhra Pradesh & Telangana.  
The Registrar of Cooperative Societies, Andhra Pradesh.  
The Registrar of Cooperative Societies, Telangana State.

//FORWARDED::BY ORDER//

OFFICER ON SPECIAL DUTY (SR)